

# **THE BUSH ADMINISTRATION ASSAULT ON AFFORDABLE HOUSING FOR PERSONS WITH DISABILITIES**

**Latest Administration Plan to Cut \$100 Million from the Section 811  
Disabled Housing Construction Program is Part of a Broader Pattern**

**November 8, 2005**

## Executive Summary

On October 28, 2005, the Bush Administration sent Congress its latest emergency supplemental appropriations request for Hurricane Katrina. Part of that request included the rescission of \$100 million in previously approved funding for HUD's Section 811 program for construction of affordable housing units for persons with disabilities.

It is unconscionable that the Bush Administration would respond to the housing needs of low income persons displaced by Hurricane Katrina - some of the most vulnerable of whom are disabled - by eliminating the one federal program that builds affordable housing for the disabled. But, the following summary shows that this proposal is just part of a broader assault by the Bush Administration on affordable housing for disabled persons that started with the very first budget the Bush Administration sent to Congress:

- ***Eliminating the Section 811 Disabled Housing Construction Program [p. 3].*** In February, the Bush Administration FY 2006 budget cut the Section 811 disabled housing program in half (from \$240 million to \$120 million) and eliminated the Section 811 construction program, used by Faith-based Organizations and non-profits to build housing for persons with disabilities. Fortunately, the House and Senate appropriations bills rejected these proposed cuts and restored the program.

On October 28<sup>th</sup>, the Bush Administration included in its latest Katrina request a proposal to rescind [eliminate] \$100 million in already approved FY 2005 funding for the same Section 811 construction program it tried to kill in the FY06 budget.

- ***Eliminating New Housing Vouchers for Disabled Persons [p. 4].*** Between 1995 and 2000, Congress created 40,000 new housing vouchers for disabled persons, in response to a new law permitting housing agencies to designate housing projects as "elderly only." The first Bush Administration budget (FY 2002) zeroed out funding for new disabled vouchers. Though Congress restored funding for new disabled vouchers that year, no new disabled vouchers have since been funded. **Mismanagement of disabled vouchers.** Disabled housing advocates have long raised complaints with the Bush Administration about HUD's "long-standing mismanagement" of disabled housing vouchers. Only recently did HUD issue guidance to ensure that these vouchers are made available to disabled persons.

***Block Granting the Housing Voucher Program [p. 5].*** The last three Bush Administration budgets have proposed block granting the Section 8 housing voucher program, which serves some 2 million low income families. The Consortium for Citizens with Disabilities opposed this proposal, and wrote that the FY 2005 block grant proposal "would seriously harm people with disabilities"

- ***Disabled Persons Displaced by Hurricane Katrina [p. 6].*** When the Bush Administration first set up its "KDHP" program to assist Katrina evacuees, it actually cut rental assistance to certain disabled voucher holders - since KDHP did not allow higher rents to cover higher costs of supportive services for special needs populations such as disabled persons. Under pressure, HUD then changed its policy to allow families the option of using existing voucher rules. However, the Administration's overall response to housing needs of persons displaced by Hurricane Katrina (including disabled persons) has been lethargic and inadequate.

## Eliminating the Section 811 Disabled Housing Construction Program

On October 28, 2005, the Bush Administration sent its latest supplemental appropriations request to Congress for Hurricane Katrina. Despite substantial housing and other unmet needs of families displaced by Katrina, this request did not propose any new funding, but simply proposed to reallocate previously approved funds. In fact, the request also proposed eliminating \$2.3 billion in previously approved funding, from what the Bush Administration characterized as “lower-priority federal programs and excess funds.”

Among the proposed “rescissions” was the elimination of \$100 million in FY 2005 funding for capital grants to Faith-Based Organizations and other non-profits under the HUD Section 811 program that builds affordable housing for persons with disabilities. This request was made in spite of the fact that HUD had already received hundreds of applications for funds under a May 24<sup>th</sup> application deadline. Applicants have already spent pre-development funding and committed thousands of staff hours to applications.

This proposal would mean some 1,030 affordable rental units for the disabled would not be built. It is particularly ironic that the Administration would cut disabled housing to fund costs of Katrina, since disabled persons were disproportionately affected by Katrina.

On November 1, the Co-Chairs of the Housing Task Force of the Consortium for Citizens with Disabilities (the “CCD”) wrote a letter to senior House appropriators to “*go on record in strong opposition to this proposed rescission.*” The CCD Housing Task Force is a coalition of national disability organizations representing people with disabilities, their families, providers, and professionals. It includes organizations such as the Paralyzed Veterans of America, Arc-United Cerebral Palsy Policy Collaborative, Easter Seals, the National Brain Injury Association, and the National Alliance on Mental Illness.

This letter notes that the Bush Administration’s rescission of 811 funds “*would decimate the only program at [HUD] that still produces accessible and affordable supportive housing for non-elderly people with disabilities with extremely low incomes . . . Numerous studies clearly show that permanent supportive housing programs such as Section 811 help the lowest income people with disabilities stay out of more costly nursing homes, homeless shelters, emergency rooms, and other public facilities typically funded by other federal programs such as Medicaid.*”

This letter notes: “*The Administration’s proposal would completely eliminate all Section 811 funding for the production of new units of supportive housing this year - and is the latest Administration attempt to undermine the viability of this important program.*”

Earlier this year, the Bush Administration’s FY 2006 budget proposed to cut funding for the Section 811 disabled housing program in half (from \$240 million to \$120 million), and to eliminate funding for the same construction program it now proposes to rescind.

Both the House and Senate Appropriations Committee rejected these cuts in their respective FY06 appropriations bills, and restored the Section 811 construction program. But, the latest Administration proposal puts funding for this critical program back at risk.

# **Eliminating New Housing Vouchers for the Disabled**

## **Eliminating Funding for New Disabled Vouchers**

In the mid 1990's Congress passed a law permitting public housing agencies to designate public and assisted rental housing projects as "elderly only." This action was taken in response to concerns raised by elderly housing advocates of the effects of dispersing disabled housing persons in buildings with high numbers of senior citizens.

In recognition of the fact that this new authority could result in a reduction in the number of rental housing units available for persons with disabilities, Congress embarked on a program of approving funding each year for the creation of new vouchers designated solely for use by disabled persons. Between 1995 and 2000, Congress created and funded over 40,000 new housing vouchers expressly reserved for disabled persons.

The first budget submitted to Congress by the Bush Administration (FY02) proposed to end this annual practice of funding new vouchers for the disabled. Fortunately, Congress restored funding for some 6,000 new disabled vouchers that year. But, Congress has not approved funding for any new disabled vouchers any year since then, and the Bush Administration has failed to request funding for new disabled vouchers in recent years.

## **Mismanagement of Disabled Vouchers**

For years disability advocates have been raising concerns that HUD was doing a poor job of ensuring that vouchers set aside for the disabled are actually used by disabled persons. Congress also included a legislative requirement in the FY 2002, 2003, and 2004 spending bills that disabled vouchers should go to disabled persons upon turnover.

The Bush Administration failed to take action to respond to this requirement. Therefore, on February 9, 2004, the co-chairs of the Housing Task Force of the Consortium for Citizens with Disabilities ("CCD") sent a letter to HUD Assistant Secretary Liu, stating that *"To our knowledge, despite the fact that this Congressional requirement has been in place for more than two years, HUD has taken no action to inform PHAs directly of their obligation to continue to set-aside these vouchers exclusively for non-elderly people with disabilities, Further, CCD is not aware of any system which HUD has put into place to track the use of these vouchers to ensure PHAs are using them in accordance with these requirements set forth by Congress."*

The letter went on to say that despite letters and meetings with HUD staff on this issue, CCD has *"never received a response from HUD"* on the issue, and further characterized HUD's *"complete lack of attention to this issue."* A month later, a CCD position paper on the Bush Administration's FY 2005 voucher block grant proposal cited HUD's *"long-standing mismanagement of over 50,000 vouchers targeted to people with disabilities."*

After years of prodding, HUD finally issued guidance in February 2005 to public housing agencies, to require them to make these vouchers available to the disabled upon turnover.

## Block Granting the Housing Voucher Program

In each of the last three years, the Bush Administration has proposed to block grant the housing voucher program, which provides rental housing assistance to some 2 million low-income families, seniors, and disabled persons. The Bush Administration's FY 2005 budget proposal also included a recommendation that the program be cut by \$1.6 billion (an amount equal to annual funding for 250,000 low income families).

Bush Administration proposals to block grant the housing voucher program have run into fierce and almost uniform opposition from a wide range of housing organizations – including Faith-based Organizations, mayors and other public officials, public housing agencies and state housing finance agencies, groups involved in elderly and disabled housing, homeless advocates, landlords, and the National Association of Homebuilders.

The likely effect of the Bush Administration's repeated effort to block grant the housing voucher program is summed up in the FY 2005 Financial Services Committee Budget Views. That document noted that the result of the proposed \$1.6 billion cut *"is that housing agencies would have to make either major reductions in the number of families they assist, or in the subsidy provided to each family - or more likely, a combination of the two."* It noted that a block grant *"eliminates most of the current statutory tenant protections,"* including *"the current rules under which each voucher holder pays no more than 30% of net income [for rent]"* and also eliminates the targeting requirement that at least three quarters of new vouchers go to *"extremely low income families."*

The Bush Administration voucher block grant proposal would be particularly harmful to disabled persons, as noted in a Consortium for Citizens with Disabilities (CCD) Housing Task Force position paper on the Administration FY05 proposal, entitled *"Administration Proposal Would Cut Housing Lifeline for People with Disabilities."* The paper noted that disabled persons have the highest level unmet need for housing assistance of any group eligible for federal housing assistance, with 3 million disabled persons on SSI not receiving housing assistance, and cited the voucher program as *"central to their ability to have an opportunity to find affordable and accessible housing in the community."*

The CCD Position paper stated that the block grant proposal *"would cause serious harm to people with disabilities,"* and further, that *"at least 50,000 households with disabilities would lose their Section 8 assistance within the next year."* It also noted that *"People with disabilities could be required to pay much higher rents than they can afford,"* as a result of eliminating current rules limiting tenant rents to 30-40 percent of their income.

Finally, this paper noted that public housing agencies would be given incentives to serve higher income families, which *"would result in fewer people with disabilities receiving vouchers,"* and would permit housing agencies to set time limits on voucher holders, which *"could force people with disabilities back into nursing homes, institutions, and other restrictive settings, and homeless shelters."*

Despite near universal opposition from housing groups to block granting the housing voucher program, and despite Congress' continued refusal to adopt this proposal, the Bush Administration continues to press for adoption of this seriously flawed approach.

## **Disabled Persons Displaced by Hurricane Katrina**

In the immediate aftermath of Hurricane Katrina, the Bush Administration's response to the serious housing needs of families displaced by Hurricane Katrina was lethargic and inadequate. Of all the types of families affected by this natural disaster, persons with disabilities have been disproportionately affected, both because of their lack of mobility, and also because of their special need for supportive housing services.

In response to this great need, the Bush Administration actually rolled back the level of rental assistance for existing voucher holders displaced by Katrina who are disabled. Currently, a disabled voucher holder can receive a subsidy based on a rent in excess of the local Fair Market Rent, to cover the costs of special housing needs of the disabled (eg., to live in a building with an elevator). But, three weeks after Katrina hit, HUD announced that all preexisting voucher holders displaced by Katrina would be subsequently assisted under its newly created Katrina Disaster Housing Assistance Program ("KDHAP").

Under KDHAP, the Bush Administration announced that subsidies could not be based on rents above the local Fair Market Rent. This would mean that disabled persons could no longer be assisted for the costs associated with special accommodations needed for certain disabled persons. In other words, the Administration imposed a rent increase on disabled persons – precisely at the time that these persons were physically displaced by Hurricane Katrina, and forced to move elsewhere.

Fortunately, in response to complaints raised about this change, HUD subsequently relented and offered existing voucher holders the option of receiving assistance under KDHAP or going back to the terms and conditions of the existing voucher program.

However, the Bush Administration has been slow in responding to the housing needs of other persons displaced by Katrina. Having encouraged housing agencies across the country to give up their own vouchers to serve Katrina evacuees, the Administration refuses to reimburse housing agencies for the cost of this generosity. This has reduced the number of vouchers for local low income families, including disabled persons.

Moreover, for families displaced by Katrina that are not served by KDHAP or vouchers, the Administration has failed to provide assurances that all low-income families will continue to receive rental assistance past the initial three month period that FEMA announced in late September. As reports proliferate about families facing eviction, the Administration's latest Katrina supplemental spending request does not address these uncertainties. Instead, the Bush Administration proposes to help pay for the meager assistance provided to date - by eliminating funds to build housing for disabled persons.